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Barnes, Julius Howland

America's responsibility and its opportunity

[Atlantic City, N.J.]

[1931]

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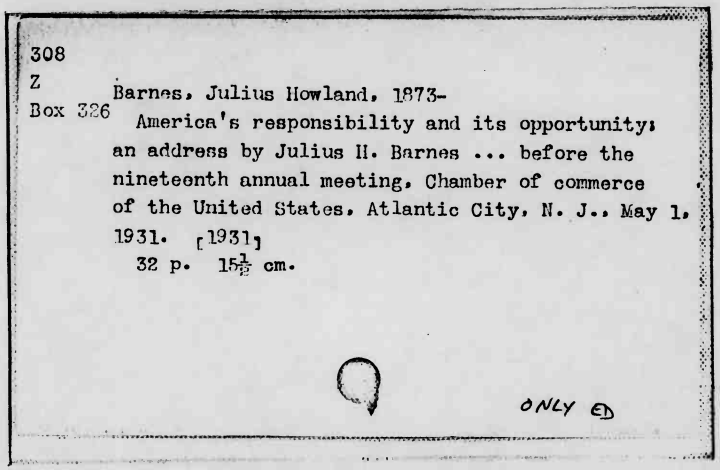

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AMERICA'S RESPONSIBILITY AND ITS OPPORTUNITY

By

JULIUS H. BARNES

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AMERICA'S RESPONSIBILITY AND ITS OPPORTUNITY

AN ADDRESS

BY

JULIUS H. BARNES

Chairman of the Board of Directors
of the Chamber of Commerce
of the United States

BEFORE THE

NINETEENTH ANNUAL MEETING
CHAMBER OF COMMERCE OF THE
UNITED STATES

ATLANTIC CITY, N. J., MAY 1, 1931

1514

Gift of
President N. M. Butler
5-14-31

May 29, 1931 DA/HEE

AMERICA'S RESPONSIBILITY AND ITS OPPORTUNITY

YOU HAVE often heard me say to an audience such as this, that we are here, a new race, in a new land; that we had here to construct, devoid of former history and traditions, a record and tradition of our own. How clean the sheet is that upon which we write our own national history is hardly realized even by us. It is probably the first instance in history of the occupation of wide areas of country, replacing the former races resident therein with new occupants and with no dilution from the former occupants—no agriculture, no architecture, no music, no language, no literature.

We had here the finest clean page of history, on which we write what we believe to be a great world experiment of self-government.

If we have faith that in this new race which we are fusing here, we will find quali-

ties of self-restraint and self-denial and self-government, it is because we hope to have drawn to us the finest qualities of those races which are represented by our guests here tonight.

The ambitious, the adventurous, the aspiring, of every race, here sought their home. With no heritage of established tribunals, they learned to depend upon themselves for the administration of law; and from that foundation came the inherent instinct of individualism which is stronger here than elsewhere in the world.

Ambitious, eager to advance their station and their fortune, receptive to new invention and new ideas, it is natural that this race should be the acme of industrialism in the world. It remains to us to invest industrialism with qualities of lasting worth.

What a laboratory this presents to the youth of America and of the world. What fascination, that as we advance on the road of national fortune, what miracle will we find around the next turn in the road? How can we teach the youth of America the higher idealism, or the finer philosophy of

sturdy self-reliance and independence, as against the soft and easy philosophies of reliance on government and the care of the state.

That it has worked in material achievement may be stated without braggadocio. It is written in the unique possession here, in a people of 120,000,000, of 27,000,000 automobiles, 20,000,000 telephones, 60,000,000 electrical devices lightening the labor in our homes, 13,000,000 radios, a race receptive to new ideas, instantly adapting them to our use.

WHEN this Republic was founded, the total estimated wealth of the world was $100,000,000,000. In this single country, today, so well have we discharged the stewardship of the natural resources which nature bestowed on this fortunate land, that we have now a recorded total of $400,000,000,000 of national wealth alone. That is enough to stagger the imagination,—and also to impress one with the sober responsibility that it shall be used rightly and justly.

That we have maintained our poise, even in this material advance, have not been swept away by avarice, and that we do possess the qualities of thrift, is shown in that we have today 60,000,000 holders of life insurance, with a total of $110,000,000,-000 in private contracts, three-quarters of the total of the world;—that we have over 50,000,000 savings accounts. These are the evidence, beside, of a social justice inherent in our free society. It records the wide division of the earnings of wealth, the translation of the natural resources into those things of common use which we denote as national wealth.

That we have not lost those qualities, that we built the state firmly upon the foundation stone of the home, is shown when we consider for a moment that here in this new land we have per capita more than twice the owned home of the nearest other race in the world.

That we have not lost that driving thirst for culture is exemplified in the army of 600,000 youth in our advanced institutions,

more than in all of the rest of the world combined.

That we have an ideal of professional and scientific service is shown in the recent advance in triumphs of hygiene and sanitation, in surgery and medicine, until today we have 600,000 fewer deaths every year than under the standards of 20 years ago.

These are precious indications of a social and political philosophy which we must treasure as a sacred heritage, and preserve.

Manifestly a society which reaches this stage is exposed as none other has been in any other era or in any other land. A standard wage of $10 a day means more distress when it is temporarily suspended than if we were on the standard of 20 years ago, a dollar a day.

As if we had not complications enough in the delicacy and intricacy of such a structure, we have in the surging of human experiment and progress in the last ten years injected into our electorate, the votes of 20,000,000 women, naturally inclined to lean to social experiment against the per-

haps harder judgment of the masculine mind.

As if we had not thus, in this relationship of politics through the electorate, introduced problems enough, we also change our social and business customs so that we have added a new army of 20,000,000 women workers, to complicate the full employment of workers in this land.

More than that, we have, by the very advance in standards, emulated, to be sure, in more or less degree by other peoples, created a world disparity such as has existed in no former age. Sixteen hundred million humans run the gamut today from the primitive living standard of 20 centuries ago, in some directions, to the advanced and delicate and exposed standards of America here today. This, too, in the day when the separation of these standards of 20 centuries difference can be spanned by the single leap of an aeroplane, can be joined by the instant voice of radio, can be translated in voice and sound and picture almost instantly between contrasting peoples.

YOU see what I mean when I say that America, which occupies the acknowledged peak of living standards in the world, is exposed as no people ever have been before.

No social structure has ever had to stand such a strain—a standard of living typified by the almost universal use of the automobile and radio and telephone, contrasted with those grasping for a few pennies daily wage.

Up and down that gamut of human living, informed through these modern agencies in translation of news as never before, informed of what men may hope to own and use and possess under the present conditions, great peoples are groping, grasping, struggling to raise themselves to some strata above them, and through all that interrelationship run protective measures, largely obstructive or futile, of tariffs and embargoes, and other devices.

The world seems to have forgotten that the welfare of all peoples rises in direct response to the swelling aggregate of trade, and in various directions these agencies

check the flow in short-sighted ideas of self-protection.

I want to illustrate to you what that wide gamut implies, not by comparing us with the primitive peoples of the world, but by comparing a people which 50 years ago marched step in step with the foremost nations of Europe, and then, for some unexplainable reason, or because there were qualities inherent in them, a nation that became a stagnant island in the great river of human progress. I refer to Russia—160,000,000 people isolated from the world by a tyranny which closes its frontiers. I want to picture to you, in relation to these peoples, both of them supposedly in the advance group of social progress—the disparity against which we must defend our own position.

I compare these two countries in simple terms, and take the primary human requirements of food, shelter and clothing. As to food, the disparity is most easily pictured to you when I say that those large American firms which send their engineers now into the construction program of Russia almost uniformly ship their own American food to their own personnel in Russia. That is comment enough on the standards of food comparison.

In clothing,—if the textile production of Russia were to be raised to the average textile production of America today, it would require an increase by a thousand fold. Russia's footwear production of 80,000,000 pairs of shoes would have to rise to 320,000,000 in American standards.

For a simple indication of the state of hygiene and health and social habits, I take the prosaic subject of laundry soap, 100,000 tons production in Russia, if raised to the standards of America, requiring eighty-seven hundred thousand tons.

If you say that not so much laundry soap is needed where the textile production is so small, I would refer them instead to toilet soap. Its 25,000 tons must rise to 250,000 tons under the standard of America. And I am not so sure that America has reached the proper standard. That thought occurs to me quite often going home on the New York subway.

Or, we may go to the comparison of those industrial indicators which show the construction of great agencies of communication, and of employment. In cement, the five-year plan of Russia hopes to reach a production of 22,000,000 barrels a year. On the standards of America, that must reach 200,000,000 barrels a year.

The coal production of Russia is aimed at 60,000,000 tons, and on the standards of America should reach 800,000,000 tons.

The production of gasoline in Russia of 13,000,000 barrels, on the standards of America should reach 550,000,000 barrels.

These are the comparisons of a single year. Make that cumulative year by year, and visualize to yourselves the great disparity in aggregate possession and use of these fundamentals.

When Russia matures its five-year plan, and puts it into operation (if it can) it will still be at the foot of the list of all those great peoples of Europe and the world with which it used to march in even step.

Those who so lightly recommend to America a single controlling body to handle

this intricate machine of production, may well consider that if five years or ten years of single directed tyranny may, with a great people, working its single will, without resistance, can only reach then the foot of the list, whether such an idea could possibly apply to the intricate, complex, advanced, virile industrial and economic structure of America. It should at least suggest some doubt.

I HAVE cited these things, not to disparage the efforts of people to rise under whatever government to which they may choose to submit or to support. I wanted to show you the great disparity in the world, to picture to you the great ferment of human effort, individual and nationalistic, and the hazard which we face.

We need on the part of government, and of every agency within our social or political structure, more understanding of these forces, more appreciation of the menace and the hazards to which we are exposed. We need a public understanding of these great disparities.

We suffer today, and so does the world, under a depression that is keen, acute, undisputed. How long it will last lies on the lap of the gods—not long, we hope. That it will pass is as certain as that the sun will rise.

The problem of American leadership, political and business, is how to shorten this period of recession, how to lighten its distress during its continuance, keeping in mind the primary obligation which rests upon the directors of American industry, that it shall preserve by healthy functioning, the daily employment for the 40,000,000 still at work, even while it strives to reabsorb the 5,000,000 unfortunates who are today without such work.

We need, in that effort, to profit by each other's example, to exchange information of tried and proven experience, to adopt those measures which have proved themselves under test, to exchange mutual confidence and counsel, and to make common effort.

We need, during such a time, the qualities of patience, as well as energy. These

forces are too great to yield to a single simple remedy.

These forces are the culmination of complex factors, evil-starred at a given moment falling on a world that was perhaps ill-prepared.

I HAVE seen in recent discussions much mention of the failure of business leadership. A distinguished president of a western university, I heard in Chicago refer to the failure of business leadership to meet this condition. Heaven knows that business judgment, individual and collective, has enough to answer for without being charged with those things for which it is not responsible. We must not try to avoid proper indictment for our errors, but we have a right also to an informed, intelligent public judgment of other factors for which we are not responsible.

It was not business judgment, but political violation of business judgment, that brought on a great war in which 10,000,000 lives were lost, 20,000,000 injured, and bil-

lions of accumulated treasure of the world destroyed.

It was not business judgment, but political violation of it, that framed a treaty which set up new frontiers, cutting natural trade areas, creating new hazards to industry and employment because of the political aspirations of influential forces.

It was not business judgment, but a violation of its soundest concepts, that embarked on a course of currency inflation throughout much of the world, destroying the savings of the thrifty, and leaving a legacy of fear and doubt.

It was not business judgment, but a violation of it, which embarked the governments of the world, well intentioned though those efforts were, in the channels of commodity trading, in the expectation of protecting their people, but carrying within those movements the seeds of their own destruction.

It was not business judgment, but a violation of it, that poured the accumulated silver treasure of India onto the world market as a commodity when it had been, for

20 centuries, and still was, a standard of value in the eyes of almost half the people of the world.

It is not business judgment, but a sinister violation of it, that today closes the frontiers of 150,000,000 people in Russia to world trade, suppresses their natural individual aspirations, and confiscates the product of their labor to pour it into depressed world markets against world labor under free conditions.

It was not business judgment but political treachery that in that same country embarked on the confiscation of the property of friendly peoples risked within their borders in good faith, accompanied by repudiation on a vast scale, the evil effect of which will rest on the credit flow of the world for years to come.

The effect of that example, in locking up the accumulated credits in centers of world security such as New York, Paris, and London, instead of disseminating them through the areas of the world needing development and reconstruction, is one of the great ob-

stacles today to resumption of business, a narrow distribution of gold and credit.

It was not business judgment that closed the trade of millions in China by the petty warfare of rival chieftains laying tribute on trade, and reflecting as well into undermining the trade of others across the sea who normally supply their markets.

It was not business judgment, but political violation of it, that in the new country of Australia, a radical administration mortgaged their future, years ahead, to establish social services, politically easy, and a government course now bordering almost on repudiation.

It was not business judgment, but a violation also of its sound concepts, that through so many countries, burdensome taxes, unbalanced budgets, unsound finance, government injection in trade, all culminated in this evil-starred year in the distress of whole peoples. This expresses itself in rebellion and revolution, and by that demonstrated insecurity of government, suppresses the flow of credit so greatly

needed; because credit must go only where it feels itself secure because of government stability.

MY FRIENDS, never before have economics and politics been so greatly in conflict in the world. No one expresses this better than Owen Young did last December, and I want to read you just what he said:

"Our politics and economics are in conflict everywhere in the world today. Our economics are necessarily international, because of our interdependence upon each other. Our politics, on the other hand, are national—increasingly so in every country. The first is forcing itself through frontiers toward an integrated world. The other is building up man-made barriers among a much larger number of political units than existed before the War. Its forces are violent and imposing. Some better way must be found to accommodate each to the other, or they will destroy each other."

Will destroy each other!

"It is uncertainty which political action threatens which paralyzes economic efforts in this world recovery. Instability, whether it be of revolutions in some countries or uncertainty through parliaments or from disintegration in others, is one of the largest,

if not indeed the largest factor in the present world crisis. I wish to leave with you the thought of the importance of stability and certainty. An orderly functioning world must play the game according to some rules, and they should only be changed after ample notice and with the greatest wisdom and the greatest care. The penalty of doing otherwise is destruction of confidence and constant disorder."

Now, my friends, before we who in business life must preserve our existence by the sound observance of economic law, allow political emotionalism to embark us upon measures the end of which we cannot see, and the course of which, measured by the experience of other lands, is injury and disappointment, we must ourselves seriously study these forces, and insist that governments study and understand them as well.

THERE are eleven specific actions in which legislation and administration could today help to set in motion the economic forces of healing and recovery. They are these:

1. Legislation should lift the insurance restrictions now preventing great insurance companies from proposing in private con-

tracts security against unemployment. They have carried to marvelous degree insurance against almost every other form of human distress, but in the short-sighted judgment of a generation of legislators now passed, they are prevented from entering this field today.

2. Some attention paid to the recommendations of experienced judgment like that of President Hoover and Secretary Mellon, supported by the universal judgment of organized business, that in our tax laws, the capital gains provision today is the direct cause of the orgy of inflation followed by utter collapse, and we propose to have them listened to before it wrecks again the business world.

3. I want to plead also for a surcease of Senatorial disparagement when nominations of able men for public appointment are submitted to the Senate. We need proven ability attracted into public service.

4. Congress should listen to the recommendations of President Hoover and organized business and other organizations, that it is time for America to show inter-

national good will and good faith by joining the Court of International Justice.

5. Sober reconsideration should be given to the administration of 40-year old regulatory laws, enacted under different conditions, and this should be done before destructive competition closes more avenues of employment on a large scale, especially as to natural resources.

6. A sober resurvey should be made of our banking laws, in the light of recent experience, by which there shall be some authority to supply new and strong credit agencies to agricultural communities, stripped through bank failures of their ordinary means of credit, and this especially for the benefit of farmers and of country merchants.

7. We desire experience to indicate the possible improvement of railroad regulation which will facilitate consolidation into strong systems, that will survey the comparative burdens on competitive transportation, and that will effect a more prompt administration of regulatory decisions.

8. We want the tariff treated as an economic and not as a political issue. We want the tariff framed with due regard for the encouragement of international trade, both in and out. It can do that and still protect the wages and living standards of America. Our own Tariff Commission is aimed to recommend such adjustments without the unsettlement of Congressional discussion.

9. The recommendations of responsible administrative officials as to economy in public expenditures should be respected in determining policies of public expenditure, before tax burdens result in depressing industry and enterprise and before discouraging our people.

10. Muscle Shoals should be disposed of at once, and not held as a deterrent threat over the investment of capital in other industries.

11. We desire in our legislative and administrative acts clear and indisputable confirmation that the American tradition of private enterprise will be protected and preserved, and that Government money

and Government authority will not enter the channels of trade against the activities of its own people.

THOSE eleven points we insist on with steadiness of purpose. We know we can trust the intelligence of public opinion, informed, in this country. We know that these points are sound. They are arrived at after long and careful study, and the weighing of arguments pro and con. They are not the snap judgment of a convention assembled on a moment's notice. They are the long matured conviction of men who feel a sober responsibility that industry shall contribute to the public welfare.

These problems are not insoluble. The brains which built America have not become paralyzed. The brawn which builded into reality the visions of those brains possesses also other qualities, the qualities of fortitude and endurance and understanding to face any inevitable period of recession and readjustment. You can trust them.

It does not help to an understanding of these things to have men in high places in-

dulge in such exaggerations as we have recently heard—such as that in America the wealthy few are skimming the cream of the profits of industry. That is a distortion of every statistical measure by which these intangible realities can be valued. It creates a class feeling which is prejudicial to the solution of these questions as a free, self-governing people should solve them.

It offends American common sense, surely. If it were true that wealth and buying power were concentrated in the hands of a few, American common sense would say, who, then, buys these 27,000,000 automobiles? Who rents these 20,000,000 telephones? Who uses these 60,000,000 labor-saving devices in our homes? Who spends the money which in twenty years has raised the total retail trade of this country from $20,000,000,000 to $60,000,000,000? It is a slander, a gross slander, and it is a thing more evil than that in its effects.

It attempts to mislead when we are required, instead, to measure these forces, to realize the hazard, the delicacy of our position, the need of common effort and com-

mon understanding, if we will preserve those things which are precious in America's attained position.

After all, the greatest capital of a people rests in the character and ability of its individual citizens. They can rebuild prosperity from any disaster, as long as they possess those qualities, in a fair and open field. The problem is to stimulate those qualities, to perform their beneficial, remedial service.

Government should not supplant, but supplement, those qualities. Government should preserve the fair field in which they are stimulated into active effort. Government should understand these forces, and not act from impulse or emotion. Government should trust the intelligence, the industry and the character of the people, and not legislate, as so often in the past, as the result of hasty impulse and in a spirit of restriction.

In this period of reconstruction we all have responsibilities to discharge, organized business most of all. Remedies, when they come, will come as our history has

been created, by the exercise of individual judgment and individual initiative, the spirit of enterprise.

We are already exploring for those agencies, those tools, in which we can adapt our methods to the complexities of the modern structure which we have here lifted so high. New ways require new methods, new tools, but the preservation of old qualities.

IN MODERN business, the growth of the trade association is perhaps the tool which we are developing, by which we shall meet these conditions, which shall preserve the field for individual judgment and effort, yet correlated into united effort and common, mutual judgment and action. Some time, perhaps, after a time of trial and error, we may so arrive at conviction that we may contemplate some central body such as is talked of so glibly in so many directions. If it comes, such a body must possess the flexibility of free and voluntary cooperation. It cannot live under the rigidity of government bureaucracy. It will ex-

pire if it is exposed to political expediency alone.

That time appears to me not to be here yet. Neither business judgment nor public opinion is ready for any such experiment, free and voluntary though it may be. It requires further study and experience before so sober a departure is embarked upon.

My friends, the Chamber realizes that there is today waiting upon its deliberations an audience larger than organized business. There are multitudes of hopes built that we may find here in common counsel some suggestion that will lead the way out of the distress which bears so heavily across so many thresholds.

No previous depression ever aroused the public interest evident in America today. Never has there been so much study, never so much understanding, of the economic causes which produce this distress and dislocation; never so much news of business economics in the columns of the press. This is because, perhaps, in America, through the average rising possession, through the widened ownership of American industry

as shown by the enlarging roll of stockholders, there are more people who have a vital, personal interest in business economics. It may also be because never in history has there been a people with such advanced standards exposed so to undermining, to recession.

Business leadership has sober responsibility. It must spare no effort, it must neglect no suggested avenue. The remedy can come from the setting in motion of a thousand forces of healing, not one.

A depression so wide, so complex, has no hope of yielding to an instant remedy, least of all to any legislative panacea. It requires the devoted study of every unit of our social and economic structure.

Today in America's industry, a thousand hopeful experiments are being carried on by directors of industry who themselves have risen from the ranks, and have not forgotten what it means to be dependent on the weekly pay envelope. Nine out of ten of the business leaders, captains of industry in America today, have risen from the ranks, and they do not forget the emo-

tions nor the necessities of the men they left behind.

In this web, there are a myriad efforts being made by individual action. They will result cumulatively in better knowledge and improved practice. The aggregate of those experiments and those efforts will in time produce the remedy; we hope before so very long.

WE NEED not only energy but patience, steadiness of purpose. Through such a time America must not be swept off its feet by panaceas proposed by those who think one certain course of action will prove a certain cure for so deep a wound.

Have we lost the qualities of endurance and fortitude and venturesomeness which characterized our early national history? Much of today's discussion in press and air seems to assume that we, descendants of pioneers, must have ease from problems and distress.

That dean of American common-sense economists, George Roberts, has recently

expressed a more virile philosophy than that:

"What would be the character of an individual who never had responded to the stimulus of opportunity or felt the discipline of a reverse?"

What? Is that something you would wish for your own boy?

"Organized society has accomplished the progress it has made through freedom of individual initiative and the spirit of enterprise and innovation. It cannot afford to curb the reasonable exercise of that initiative, and who shall say where in the management of private business initiative ceases to be reasonable? Industry, trade and the professions are open and free for anybody to enter and perform in with such success as he may win, even though some disorder may result from having no overhead regulation. It is fundamentally desirable to develop the initiative and capabilities of all the people, but how can they be developed without their free exercise? Organized society is a system of free cooperation, and cannot be reduced to perfect regularity because its members are free and because, as a progressive system, it is always changing. No adustment of relationship is lasting. New industries are always interfering with old ones and disturbing the equilibrium previously established."

That is the postulate on which we must frame our philosophy and our courses of

action. It is our sacred trust that we shall not be swept by present distress or deflected to proposed remedies or panaceas of the moment, from a real steadiness of purpose to respect and assist those forces which in the past have builded our national progress.

The wave after wave of oncoming youth of the future have a right to expect you to defend and hold the field of free and equal opportunity in which they also hope to reach success beyond the common lot.

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